

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W
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O R 131821Z JUN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 0755

INFO AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY LONDON

AMEMBASSY PARIS

AMCONSUL RIO DE JANEIRO

USMISSION IAEA VIENNA

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 03 BONN 09589

EXDIS

LONDON PLEASE PASS US DEL TO SUPPLIERS' CONFERENCE

E. O. 11652: GDS

TAGS: TECH, PARM, GW, BR

SUBJECT: FRG NUCLEAR EXPORTS TO BRAZIL - NUCLEAR
SUPPLIERS' MEETING

REF: A. BONN 09407, B. STATE 133585

L. SUMMARY. FRG FONMIN HAS ALREADY FORWARDED DETAILED
CLASSIFIED REPORT ABOUT AMBASSADOR'S JUNE LL APPROACH
TO ALL RELEVANT FRG MINISTRIES. EMBASSY'S FOLLOW-UP
CONSULTATIONS CONFIRM THAT THESE MINISTRIES ALSO
SUPPORT AN EFFECTIVE SYSTEM OF INTERNATIONAL
SAFEGUARDS ALTHOUGH THEY ARE SENSITIVE TO
COMMERCIAL CONSIDERATIONS AS WELL. IN FOLLOWING
PARAGRAPHS WE SUMMARIZE HIGHLIGHTS OF FRG VIEWS
TO ASSIST US DEL IN NUCLEAR SUPPLIERS' MEETING
NEGOTIATIONS.

END SUMMARY

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2. WE HAVE FOLLOWED UP AMBASSADOR'S CALL ON ASSISTANT SECRETARY HERMES, FRG FOREIGN OFFICE, BY MEETING WITH APPROPRIATE OFFICIALS FROM FRG MINISTRIES FOR RESEARCH AND TECHNOLOGY, FOR ECONOMIC AFFAIRS AND THE CHANCELLOR'S OFFICE. THESE CONSULTATIONS CONFIRM REF A REPORT. OFFICIALS REPRESENTING THESE MINISTRIES HAVE ALREADY RECEIVED DETAILED FONOFF REPORT ABOUT AMBASSADOR'S APPROACH. THEY SUPPORT AN EFFECTIVE SYSTEM OF INTERNATIONAL SAFEGUARDS AND ASSURE US THAT THE FRG WILL MEET ALL ITS INTERNATIONAL COMMITMENTS IN THIS RESPECT. AS NOTED IN PRIOR EMBASSY REPORTS, HOWEVER, THE FRG FOREIGN OFFICE IS CLEARLY THE MOST SYMPATHETIC AND EFFECTIVE CONTACT FOR US APPROACHES RELATED TO SAFEGUARDS ISSUES. THE "SUBSTANTIVE" MINISTRIES ARE STRONGLY INFLUENCED BY COMMERCIAL CONSIDERATIONS AND BY THE DOMESTICALLY-IMPORTANT NECESSITY TO PROVE THAT NPT-MEASURES DO NOT CURTAIL GERMAN NUCLEAR EXPORT OPPORTUNITIES.

3. MINISTRY OFFICIALS REMIND US THAT THE FRG FIRST RAISED THE QUESTION OF NUCLEAR EXPORT CONTROLS WITH USG IN AUGUST 1974. ALTHOUGH DELAY IN CONVENING NUCLEAR SUPPLIERS' MEETING HAS DELAYED DEVELOPMENT OF INTERNATIONAL SUPPLIER CONSENSUS,FRG SOUGHT FROM BRAZIL AGREEMENT TO COMPREHENSIVE IAEA SAFEGUARDS ON ENTIRE FUEL CYCLE AND GENERAL NO-PNE COMMITMENT. THESE EFFORTS, WHICH FAILED, RISKED LOSS OF SALE TO ANOTHER LESS CONSCIENTIOUS COMPETITOR. MINISTRY OFFICIALS EMBHASIZE THAT FRG HAS MORE THAN MET THE REQUIREMENTS OF THE NPT BY NEGOTIATING WITH BRAZIL SAFEGUARDS REQUIREMENTS THAT GO BEYOND THOSE CURRENTLY REQUIRED BY THE IAEA. THEY NOTE THAT THE AMBASSADOR WAS PROMPTLY AND FORMALLY ADVISED OF RESULTS WHEN BRAZIL-FRG SAFEGUARDS NEGOTIATIONS WERE COMPLETED.SUBSEQUENTLY, FRG HAS BEEN RESPONSIVE TO US APPROACHES, ADDING, FOR EXAMPLE, A REQUIREMENT FOR A TRILATERAL AGREEMENT WITH THE IAEA.

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4. MINISTRY OFFICIALS, AND FONOFF REPS AS WELL, ARE CONCERNED BY ANY IMPLICATION THAT THE US BELIEVES IAEA SAFEGUARDS ARE INADEQUATE. THESE NOW REPRESENT THE ONLY INTERNATIONALLY ACCEPTED SYSTEM. THEY ARGUE IF THEY ARE WEAK, THE NPT HAS LITTLE VALUE. WE HAVE, OF COURSE, COUNTERED THESE ARGUMENTS BY REASSURING FRG OFFICIALS THAT THE US CONTINUES STRONGLY TO

SUPPORT THE IAEA SAFEGUARDS SYSTEM. ONLY FOR THE
MOST "SENSITIVE" TECHNOLOGIES, WHERE THE IAEA HAS
YET LITTLE EXPERIENCE, IS THE US RECOMMENDING
CONTINUED SUPPLIER INVOLVEMENT, MULTINATIONAL

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ACTION SS-25

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C O N F I D E N T I A L SECTION 02 OF 03 BONN 09589

EXDIS

PLANTS TO MEET REGIONAL NEEDS, "MUTUAL CONSENT"
ON REPROCESSING FACILITIES AND SIMILAR MEASURES.

5. GERMAN SUPPORT FOR IAEA SAFEGUARDS AS NOW
CONCEIVED INCLUDES CONFIDENCE THAT THE IAEA
PROCEDURES WHICH WILL BE WORKED OUT FOR REPROCESSING
AND ENRICHMENT FACILITIES WILL ALSO BE ADEQUATE
AND ACCEPTABLE. THIS VIEWPOINT INFLUENCES THEIR
PLANS FOR IRAN, FOR EXAMPLE. RE PARA 3, REF B:
TECHMIN REPS QUESTION THE NEED FOR SAFEGUARDS ON
TECHNOLOGY SUPPLIED TO NPT-PARTY, SUCH AS IRAN. IF
TECHNOLOGY TRANSFERRED WERE USED FOR OTHER FACILITIES,
THESE TOO WOULD BE SUBJECT TO IAEA SAFEGUARDS
AND THUS ADEQUATELY COVERED. ONLY FOR NON-NPT PARTY,
SUCH AS BRAZIL, ARE SPECIAL TECHNOLOGY SAFEGUARDS

REALLY NECESSARY.

EMBASSY COMMENT: THIS RESPONSE APPARENTLY REPRESENTS A PRELIMINARY VIEWPOINT. WE HAVE NOT YET BEEN ABLE TO CONTACT OFFICIALS ACTUALLY INVOLVED IN PREPARING DRAFT OF FRG-IRAN SAFEGUARDS AGREEMENT.

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6. THE FRG CONSENSUS RESPONSE TO OUR PRESENTATIONS HAS BEEN POSITIVE. FOR EXAMPLE, ALTHOUGH THE FONOFF WAS UNABLE TO OFFER FORMAL ASSURANCES ABOUT "JOINT VENTURES" (PARA 4, REF A), TECHNOLOGY MINISTRY OFFICIALS EXPLAIN THAT ONLY "JOINT VENTURES, ARE FORESEEN. THIS CRITERION WILL PROBABLY BE SPECIFIED IN "GUIDELINES" APPROVED BY BOTH GOVERNMENTS FOR THEIR RESPECTIVE INDUSTRIES. (NOTE: EMBASSY SUGGESTS THAT US DEL TO NUCLEAR SUPPLIERS' MEETING EXPLORE THIS POINT DISCREETLY BECAUSE IT MAY REPRESENT A CONCEPT NOT YET FULLY COORDINATED AND AGREED WITHIN FRG.)

7. MULTINATIONAL REGIONAL FACILITIES WOULD ALSO, IN PRINCIPLE, BE ACCEPTABLE TO FRG OFFICIALS FROM THE "SUBSTANTIVE" MINISTRIES. HOWEVER, THE WELL-KNOWN POLITICAL DIFFERENCES BETWEEN BRAZIL AND ARGENTINA SUGGEST THAT THIS SOLUTION TO THE REPROCESSING PLANT PROBLEM MAY BE FAR IN THE FUTURE.

8. TECHMIN REPS HAVE ASSURED US THAT THE SCHEDULE FOR TRANSFER OF THE SENSITIVE TECHNOLOGIES TO BRAZIL WILL BE ADAPTED TO ECONOMIC REALITIES. SIGNIFICANT REPROCESSING CAPABILITIES ARE YEARS AWAY. FOLLOWING THE INITIAL PILOT PLANT, TECHMIN REPS WOULD CERTAINLY CONSIDER A MULTINATIONAL FACILITY -- PROBABLY TURNING FIRST TO THEIR PARTNERS IN "UNITED REPROCESSORS" (UK AND FRANCE) FOR A CONTRIBUTION.

9. TECHMIN REPS BELIEVE THAT A URANIUM ENRICHMENT PLANT USING THE JET NOZZLE TECHNOLOGY AND DESIGNED FOR LOW-ENRICHED PRODUCT WOULD BE EASY TO SAFEGUARD AND THUS NOT "SENSITIVE" (SEE BONN A-205).

10. MINISTRIES BELIEVE NUCLEAR SUPPLIERS' MEETINGS MUST BE KEPT SECRET, ALTHOUGH THEY DOUBT THAT THIS WILL BE POSSIBLE. THEY POINT TO RECENT USG PUBLIC STATEMENTS WHICH STRONGLY HINTED THAT INTERNATIONAL

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ACTION SS-25

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CONSULTATIONS TOWARD NUCLEAR EXPORT CONTROLS ARE UNDERWAY. IN FRG VIEW, IT WILL BE ESSENTIAL TO AVOID CREATION OF A NUCLEAR "OPEC" WHICH WOULD APPEAR AS "NEO-COLONIALISM" AND ENCOURAGE NNWS TO "DO-IT-THEMSELVES" OR TO SEEK A LESS DISCRIMINATING SUPPLIER (INDIA?)

11. OUR CONTACTS PROFESS STRONG SUPPORT FOR INTERNATIONAL SAFEGUARDS MEASURES AND EMPHASIZE THE URGENT NEED FOR A TRULY BINDING INTERNATIONAL CONSENSUS -- A CONSENSUS SO STRONG THAT INDIVIDUAL NATIONS CAN RESIST INDUSTRIAL PRESSURES WHICH ASSERT THAT "SOMEONE ELSE" WILL SELL IT IF WE DON'T. AT THE SAME TIME, HOWEVER, FRG REPS RECOGNIZE DIFFICULTY OF THE IMPENDING NUCLEAR SUPPLIERS' NEGOTIATIONS. THEY WONDER, FOR EXAMPLE, WHETHER THE SUPPLIER NATIONS PRESENT IN LONDON MAY BE FRANKLY QUERIED ABOUT THEIR INDIVIDUAL ON-GOING NUCLEAR TRANSFERS, I.E. ESPECIALLY FRANCE AND THE USSR. IF THE NEGOTIATING NATIONS POLITELY OVERLOOK EACH OTHERS' CURRENT EFFORTS TO DISSEMINATE NUCLEAR TECHNOLOGY, SOME FRG

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REPS SERIOUSLY DOUBT THAT SUPPLIER NEGOTIATIONS CAN SUCCEED. FRG DELEGATION MAY WISH TO RAISE THIS TACTICAL SPECIAL POINT WITH US DEL ON JUNE 17.

12. SEVERAL FRG REPS ALSO BELIEVE THAT ANY CONSENSUS (OR AGREEMENT) REACHED BY SUPPLIERS SHOULD NOT BE PUBLISHED TO AVOID ALIENATING CUSTOMER NATIONS. CONSENSUS WOULD BETTER BE INTRODUCED, AS INDIVIDUAL NATIONAL VIEWS, INTO SOME APPROPRIATE BROADER INTERNATIONAL FORUM FOR ACTION (IAEA, FOR EXAMPLE)

L3. EMBASSY COMMENT: WE HAVE OUTLINED FRG VIEWS IN SOME DETAIL FOR THE INFORMATION OF US DEL TO JUNE 18 SUPPLIERS' MEETING. IN DISCUSSIONS WITH FRG REPS, WE DID, OF COURSE, COUNTER GERMAN ARGUMENTS AS APPROPRIATE AND REITERATE US POSITION DRAWN FROM REF B AND US "DISCUSSION PAPER." HILLENBRAND

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